



The Government of the  
Philippine Republic



# **MEDIUM TERM PHILIPPINE DEVELOPMENT PLAN 2004-2010**

**Presented by**

**ROMULO L. NERI**

**Secretary of Socioeconomic Planning**

**October 11, 2004**



The Government of the  
Philippine Republic



# **TABLE OF CONTENTS**

## **INTRODUCTION**

- I. The Basic Tasks (10-point Agenda)**
- II. The Macroeconomy**

## **PART 1: ECONOMIC GROWTH AND JOB CREATION**

**Chapter 1: Trade and Investment**

**Chapter 2: Agri-business**

**Chapter 3: Environment and Natural Resources**

**Chapter 4: Housing/Construction**

**Chapter 5: Tourism**

**Chapter 6: Infrastructure**

- I. Transport Infrastructure**
- II. Digital Infrastructure**
- III. Water**



The Government of the  
Philippine Republic



## **TABLE OF CONTENTS**

**Chapter 7: Fiscal Strength**

**Chapter 8: The Financial Sector**

**Chapter 9: Labor**

### **PART 2: ENERGY**

**Chapter 1: energy Independence**

**Chapter 2: Power Sector Reforms**

### **PART 3: SOCIAL JUSTICE AND BASIC NEEDS**

**Chapter 1: Basic Needs: Anti-Poverty Program**

**Chapter 2: National Harmony: Automated Elections**

**Chapter 3: National Harmony: The Peace Process**

**Chapter 4: National Harmony: Healing The Wounds of EDSA**

**Chapter 5: Basic Need: Peace and Order**

**Chapter 6: Basic Need: Rule of Law**



The Government of the  
Philippine Republic



## **TABLE OF CONTENTS**

### **PART 4: EDUCATION AND YOUTH OPPORTUNITY**

**Chapter 1: Education**

**Chapter 2: Science and Technology**

**Chapter 3: Culture**

### **PART 5: ANTI-CORRUPTION AND GOOD GOVERNANCE**

**Chapter 1: Anti-Corruption**

**Chapter 2: Bureaucratic Reforms**

**Chapter 3: National Harmony: Defense Against Threats to Security**

**Chapter 4: Responsive Foreign Policy**

**Chapter 5: Constitutional Reform**



The Government of the  
Philippine Republic



# INTRODUCTION



The Government of the  
Philippine Republic



## **THE BASIC TASKS (10-Point Agenda)**

***“The basic task of our Medium-Term Philippine Development Plan for 2004-2010 is to fight poverty and build prosperity for the greatest number of Filipino people”***

- 1. Creation of six to ten million jobs**
- 2. Education for all**
- 3. Budget Balance**
- 4. Decentralization of development through network of transport and digital infrastructure**
- 5. Power and water supply throughout the country**
- 6. Decongestion of Metro Manila**
- 7. Development of Clark and Subic as service and logistics center in the region**
- 8. Automated elections**
- 9. Peace to Mindanao and all insurgency areas**
- 10. Just closure of issues from EDSA 1,2 and 3**



The Government of the  
Philippine Republic



# THE MACROECONOMY

## MACROECONOMIC PERFORMANCE

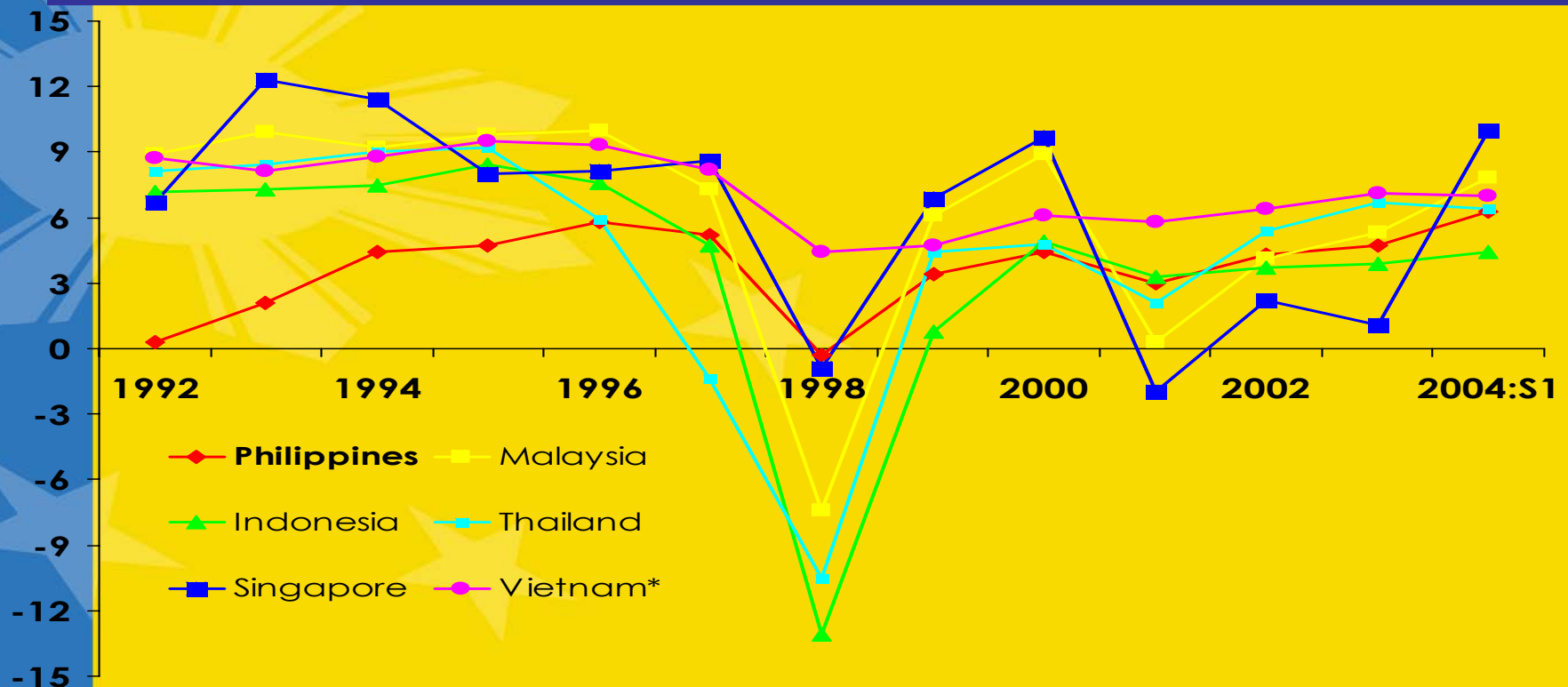
	2001	2002	2003	2004 Latest Actual
GDP Growth Rate (%)	3.0	4.3	4.7	6.3 (S1)
Investment/GDP (%)	22.4	20.4	19.5	22.5(S1)
Exports of goods & services (\$Bn)	34.4	37.4	37.8	20.0 (S1)
Growth Rate (%)	-16.7	8.8	1.02	11.4 (S1)
Gross International Reserves (\$Bn)	15.6	16.2	16.9	16.0 (Aug)
No. of months in imports	4.6	4.7	4.7	4.3
Inflation Rate (%)	6.1	3.0	3.0	4.8 (Jan-Aug)
91-day T-bill rate (%)	9.9	5.4	6.0	7.2 (Jan-Sep)
Fiscal Deficit (% to GDP)	(4.0)	(5.2)	(4.6)	(3.6) (S1)



The Government of the  
Philippine Republic



## COMPARATIVE GROWTH RATES OF SELECTED SOUTHEAST ASIAN COUNTRIES, 1992-2004 S1



Sources: 2003 ADO, ARIC, 2003 WDI, Various Statistical websites

\* As of the first semester, figure quoted from Vietnam News (press release of the General Statistics Office)





The Government of the  
Philippine Republic



# THE MACROECONOMY

## MACROECONOMIC TARGETS

	2004	2005	2006	2007	2008	2009	2010
GDP Growth (%)	4.9-5.8 <sup>1/</sup>	5.3-6.3	6.3-7.3	6.5-7.5	6.8-7.8	7.0-8.0	7.0-8.0
Exports of goods and services (\$Bn)	43.1	47.4	52.3	58.2	65.4	74.3	84.3
Investment-to-GDP <sup>2/</sup>	20.1	20.3	21.4	22.5	24.1	25.8	27.7
Inflation (%)	4.0-5.0	4.0-5.0	4.0-5.0	3.0-4.0	3.0-4.0	3.0-4.0	3.0-4.0
NG Deficit/GDP	(4.2)	(3.6)	(2.9)	(2.0)	(1.1)	(0.2)	0.0
CPSD/GDP <sup>3/</sup>	6.7	6.0	5.3	4.6	3.9	3.0	1.0

<sup>1/</sup> Emerging forecast is 5.9 % - 6.1 %

<sup>2/</sup> Fighting target is to achieve investment-to-GDP ratio of 28 percent in 2 years

<sup>3/</sup> Preliminary



The Government of the  
Philippine Republic



## THE MACROECONOMY

### MACROECONOMIC TARGETS

	2004	2005	2006	2007	2008	2009	2010
<b>Jobs Generated</b> (in thousands) <sup>3/</sup>	1004 - 1028	1090- 1177	1271 - 1320	1305- 1416	1436- 1568	1651- 1711	1725- 1790
<b>Poverty Incidence</b> (% of Families) <sup>4/</sup>	25.69	24.35	22.93	21.61	20.31	19.04	17.88

<sup>3/</sup> Latest BLES-DOLE forecasts, as of October 1, 2004; Fighting target is to generate 10 million jobs

<sup>4/</sup> Fighting target is to reduce poverty incidence by half from 28.41% in 2000 (34% based on population). Poverty incidence targets are based on population growth forecast of 1.93% by the end of the medium-term from 2.34 % in 2000



The Government of the  
Philippine Republic



# **THE MACROECONOMY**

## **SOURCES OF GROWTH**

### **1. Export and investment-led growth to support industry and services**

**(a) Investment to-GDP to increase to 28 % in 2010, with 2 years as fighting target; Investments are expected to be on road and transport infrastructure; agri-business; mining; power; ICT; SMEs; housing/commercial development including those in lands to be reclaimed;**

- **NG capital outlay-to-GDP to increase from 2.6% in 2003 to 4.2% in 2010;**
- **Total spending on infrastructure to increase by P100 billion every year financed through both public funds and non-recourse project financing for cost-efficient, financially viable projects to be identified/developed by the Philippine Infrastructure Corporation/Fund.**

**(b) Exports to hit US\$50 billion in 2 years;**

### **2. Support for agri-business development**



The Government of the  
Philippine Republic



# **PART ONE**

# **ECONOMIC GROWTH & JOB CREATION**



The Government of the  
Philippine Republic



# **CHAPTER 1**

# **TRADE AND INVESTMENT**



The Government of the  
Philippine Republic



## **TRADE AND INVESTMENT**

### **CURRENT SITUATION**

- **Unemployment level: 11.4% in 2003**
- **Exports grew by 1.4% in 2003 and 6.9% in 1<sup>st</sup> Qtr. 2004**
- **Investment/GDP ratio: 16.4% in 2003**
- **Insignificant FDI inflows, \$1.43B in 2002 to \$1.49B in 2003**
- **High cost of doing business**
- **Limited government funds for infrastructure**
- **Infrastructure outlay is lowest in Asia in 1998-2002**
- **Poor quality infrastructure**
- **Global economy growing, must seize opportunities**



The Government of the  
Philippine Republic



## **TRADE AND INVESTMENT TARGETS**

- 1. Investment rate from 19% to 28% of GDP in 2 years**
- 2. P100 billion annual incremental spending for infrastructure**
- 3. Exports from \$39 to \$50 billion in 2 years**
- 4. Support 3 million entrepreneurs**
- 5. Triple loans to MSMEs**



The Government of the  
Philippine Republic



## **TRADE AND INVESTMENT** **STRATEGIC MEASURES**

- 1. Make food plentiful at reasonable prices (Chapter 2)**
- 2. Reduce cost of electricity**
- 3. Modernize infrastructure and logistics**
- 4. Mobilize and disseminate knowledge**
- 5. Reduce red tape**





The Government of the  
Philippine Republic



## TRADE AND INVESTMENT JOB CREATION THRUSTS

- **High skill** – software, BPO, call centers, fashion garments, jewelry, medical services, automotive, electronics, health care
- **Medium skill** – agribusiness, mining, tourism: hotels and restaurants, entertainment
- **Simple skill** – construction, SMEs, microenterprise



The Government of the  
Philippine Republic



## **TRADE AND INVESTMENT POLICY OBJECTIVES**

- **Promote investments in agribusiness**
- **Promote entrepreneurship and SME development**
- **Promote energy independence and savings**
- **Promote investments in infrastructure**
- **Promote investments in exports**



The Government of the  
Philippine Republic



# **TRADE AND INVESTMENT**

## **ACTION PLAN**

### **1. Agri-Business (Chapter II)**

### **2. Entrepreneurship**

- **Provide credit, technology and marketing support for 3 million micro-enterprises and small and medium enterprises (SMEs)**
- **Empower existing SMEs to generate additional employment through increased lending and promotion of Big Brother-Small Brother program**

*Implement the SME Development Plan*

- *Enhance SULONG Program*
- *Implement the One town One Product Program*
- *Support LGUs in establishing SME Centers*



The Government of the  
Philippine Republic



# **TRADE AND INVESTMENT**

## **ACTION PLAN**

### **Entrepreneurship (continued)**

- **Tap returning OFWs as sources of capital**
  - Encourage OFWs to invest in SME projects and activities
  - Promote the use of formal channels for remittances
  - Promote OFW savings in banks, particularly GFIs; enhance linkages with formal remittance channels (e.g. foreign banks and couriers)
  - Push for the remittance profiling survey project
  - Explore possibility of issuing OFW bonds
  - Set up and expand venture capital funds Implement and expand web-based marketing of SME receivables
- **Continue product development as part of technology support (Part 4, Chapter 2)**



The Government of the  
Philippine Republic



# **TRADE AND INVESTMENT ACTION PLAN**

## **Entrepreneurship (continued)**

- Provide an environment conducive to MSME development by simplifying registration and licensing procedures, etc.

### **BMBE**

- Reduce the documentary requirements and processing time in BMBE registration (in coordination with DoF) SMEs
- Implement Web-Enabled Business Name Registration System (BNRS) nationwide
- Implement the on-line investment registration and monitoring system nationwide
- Set-up BACs nationwide



The Government of the  
Philippine Republic



# **TRADE AND INVESTMENT**

## **ACTION PLAN**

### **3. Energy (Part 2)**

### **4. Infrastructure (Chapter III and Section V)**

### **5. Exports**

- Draw up a more focused incentives package with focus on priority areas:

1. **IT and IT-enabled Services (Section VII)**
2. **Automotive**
3. **Electronics**
4. **Mining (Chapter IV)**
5. **Healthcare *and wellness***
6. **Tourism (Chapter VI)**
7. **Shipbuilding**
8. **Fashion Garments**
9. **Jewelry**
10. **Agribusiness**



The Government of the  
Philippine Republic



# **TRADE AND INVESTMENT ACTION PLAN**

## **Exports (continued)**

- **Conclude JPEPA, ASEAN PIP, ASEAN China**
- **Maximize exports and investment opportunities offered by trade agreements**
- **Pursue a market-driven strategy that will link our supply capacity closer to the high-impact markets, e.g. US, Japan, EU, etc.**
- **Simplify export procedures and facilitation**
  - **Fully implement the Automated Export Documentation System (AEDS)**
  - **Strengthen One Stop Export Documentation Centers (OSEDs)**





The Government of the  
Philippine Republic



# CHAPTER 2

# AGRIBUSINESS





The Government of the  
Philippine Republic



## **AGRI-BUSINESS**

### **CURRENT SITUATION**

- **Agriculture production targets exceeded but sector remains uncompetitive due to**
  - **high cost of inputs (fertilizers, chemicals, seeds)**
  - **large post-harvest losses**
  - **disruption in extension services due to devolution**
- **Continuing high rates of un/under-employment due to**
  - **Low degree of farming intensity and diversification)**
  - **Inadequate off-farm and non-farm job generation because of lack of entrepreneurship and low skill levels of farmers**



The Government of the  
Philippine Republic



## **AGRI-BUSINESS**

### **CURRENT SITUATION**

- **Sector agencies' interventions did not have much sector-wide impact due to**
  - **Absorptive capacity constraints, esp. of DA and DENR**
  - **Lack of strategic focus which dissipated resources and impact**
  - **Governance/institutional weaknesses, including inadequate regulations**



The Government of the  
Philippine Republic



## **AGRI-BUSINESS**

### **POLICY OBJECTIVES AND STRATEGIC MEASURES**

- Identify and pursue development of 2 million agribusiness lands
- Reduce the prices of wage goods (e.g. rice, corn, sugar, poultry, pork, fish)



The Government of the  
Philippine Republic



## **AGRI-BUSINESS**

### **POLICY OBJECTIVES AND STRATEGIC MEASURES**

1. **Develop 2 million new lands for agribusiness; this will generate 2 million jobs**
  - **Expand effective land area through:**
    - **Multi-cropping/intercropping**
    - **Cultivate idle and marginal lands (e.g., fruit tree planting in denuded areas)**
    - **Expand fishery production in unutilized offshore and inland waters**
  - **Expand product mix through:**
    - **Reconfiguration of existing production systems to tap emerging markets (e.g., Halal Products)**
    - **Large scale program of non-traditional high value agriculture and fishery commodities**
    - **Value-adding through innovative packaging and agro-processing (e.g., off-farm and non-farm systems)**



The Government of the  
Philippine Republic



## **AGRI-BUSINESS**

### **POLICY OBJECTIVES AND STRATEGIC MEASURES**

2. Reduce the prices wage goods (rice, corn, sugar, vegetables, poultry, pork, fish)
  - Productivity gains through production side support (e.g., irrigation, technology, extension services)
  - Logistics support to raise distribution efficiency and shorten supply chain to minimize marketing margins (e.g., RORO, Post-production facilities)
  - Governance and institutional reforms (e.g., regulatory reforms to enhance competition and reduce the price of inputs such as fertilizers and feeds)



The Government of the  
Philippine Republic



# **CHAPTER 3**

# **ENVIRONMENT AND NATURAL RESOURCES**



The Government of the  
Philippine Republic



# **ENVIRONMENT AND NATURAL RESOURCES**

## **CURRENT SITUATION**

- **24 percent of watershed unproductive due to deforestation**
- **Untapped resources: Production Forest Areas , Biodiversity, Mining Areas**
- **Declining productivity in coastal areas due to massive degradation of mangroves and depletion of marine resources**
- **High air pollution levels in urbanized areas**
- **High pollution of water bodies affecting water quantity and quality thus causing increased incidence of gastro-intestinal diseases (5,151 cases per 100,000 population)**
- **Improper disposal of waste materials as well as overburdened and inappropriate waste disposal systems**
- **High loss of biodiversity resources**





The Government of the  
Philippine Republic



# **ENVIRONMENT AND NATURAL RESOURCES**

## **THRUST/TARGETS**

**Overall Thrust: Manage our natural resources and protect the environment to improve quality of life of present and future generations**

- **Pursue sustainable and more productive utilization of natural resources to promote investments and entrepreneurship**
  - **Maximize physical planning as a development tool for greater and sustained job creation**
  - **Promote investments in permanent production forest areas**
  - **Liberalize/streamline and refocus ECC System for all projects**
  - **Develop protected areas into viable management areas (e.g., Develop Ninoy Aquino Parks and wildlife into premier ecological destination)**
  - **Integrate all agencies involved in land titling**
  - **Distribute at least 100,000 has of A & D lands every year**





The Government of the  
Philippine Republic



## **ENVIRONMENT AND NATURAL RESOURCES**

- **Promote responsible mining that adheres to the principles of sustainable development**
  - **Implement the Minerals Action Plan**
  - **Mobilize investors for Mt. Diwalwal**
  - **Resolve mining issues like Marcopper**
  - **Rehabilitate and reactivate idle and abandoned mines**
- **Focus and strengthen the protection of vulnerable and ecologically fragile areas**
  - **Extensively implement mangrove replanting starting in 10,500 has in 200 LGUS and initially establishing 85 marine sanctuaries**
  - **Rationalize and prioritize reforestation in 1 M has in 140 priority watersheds esp. in Pampanga and Bicol River Basins**
  - **Fully establish the Protected Area Management Boards in all proclaimed protected areas**



The Government of the  
Philippine Republic



# **ENVIRONMENT AND NATURAL RESOURCES**

## **THRUST/TARGETS**

- **Create healthier environment for the population**

### **Air**

- **Improve air quality in major urban centers and reduce air pollution (total suspended particulates ) in Metro Manila by 90 %**
  - ✓ **Pursue urban greening in highly urbanized areas**
  - ✓ **Revitalize and sustain anti-smoke belching campaign**
  - ✓ **Use CNG buses**

### **Water**

- **Bring clean water to 200 waterless MM barangays and 200 waterless municipalities outside MM through private sector or public investment**
- **Ensure clean water by adopting the integrated water resource management approach**



The Government of the  
Philippine Republic



# **ENVIRONMENT AND NATURAL RESOURCES**

## **THRUST/TARGETS**

### **Waste**

- **improve management of solid, toxic and hazardous wastes, esp. in MM**
- **Clean up and rehabilitate esteros**
- **Initiate the establishment of facility for treatment of toxic and hazardous wastes**

- **Mitigate the occurrence of landslides and flooding**
- **Implement governance and institutional reforms (e.g. establish convergence mechanism between DA and DENR in providing technical assistance; delineate regulation vs development functions of DENR)**



The Government of the  
Philippine Republic



# CHAPTER 4

# HOUSING



The Government of the  
Philippine Republic



## **HOUSING**

### **KEY CHALLENGES**

- **Meeting the rapidly growing housing need**
- **Expanding private sector participation in socialized housing construction**
- **Strengthening the capacity of housing institutions**



The Government of the  
Philippine Republic



# HOUSING

## HOUSING CONSTRUCTION TARGETS, 2005-2010

Housing Package	Number of Units	Percentage Share
<b>Socialized</b> (below P225,000)	<b>780,191</b>	<b>68.10 %</b>
<b>Low Cost</b> (P225,000-P2.0 M)	<b>362,699</b>	<b>31.66 %</b>
<b>Medium</b> (P2.0 M – P4.0 M)	<b>1,667</b>	<b>0.15 %</b>
<b>Open</b> (P4.0 M – P 5.0 M)	<b>1,111</b>	<b>0.09</b>
<b>Total</b>	<b>1,145,668</b>	<b>100.0 %</b>



The Government of the  
Philippine Republic



## **HOUSING**

### **MAJOR HOUSING STRATEGIES**

- **Generate employment of one million workers in housing construction**
- **Develop housing communities outside Metro Manila**
- **Fast-track disposition of non-performing loans to generate funds for housing construction**



The Government of the  
Philippine Republic



## **HOUSING**

### **MAJOR HOUSING STRATEGIES**

- **Develop the secondary mortgage market**  
Policy direction: Budgetary allocation for socialized housing subsidy
- **Elevate HUDCC into the Department of Housing and Urban Development (DHUD)**  
Policy direction: Adherence to scrap and build policy
- **Legislate the creation of the Social Housing Finance Corporation (SHFC)**  
Policy direction: Capitalization for SHFC





The Government of the  
Philippine Republic



## **HOUSING**

### **MAJOR HOUSING PROGRAMS**

- **Strong Republic Housing Program (NHA, HDMF, HUDCC, GSIS, SSS, DBP, HGC, HLURB, NHMFC)**
- **Empowerment**
  - **Gawad Kalinga 777 (Couples for Christ)**
  - **Habitat for Humanity (Habitat)**



The Government of the  
Philippine Republic



# CHAPTER 5

# TOURISM



The Government of the  
Philippine Republic



## **TOURISM**

### **CURRENT SITUATION**

- **Philippine possess competitive advantage proximity to Northeast Asia and has natural world class attractions**
- **Tourism is relatively free of restrictions**
- But Philippine tourism arrivals (1.9 million in 2003) lags behind other ASEAN countries, e.g. Thailand (4.3 million in first half of 2003) and Singapore (6.1 million in 2003)



The Government of the  
Philippine Republic



## **TOURISM TARGETS**

- **3 million to 6 million employment from tourism**
- **\$ 17 billion contribution to GDP or 13.6 percent of total**
- **US\$ 0.8 billion to US\$2.5 billion domestic tourism expenditure**



The Government of the  
Philippine Republic



# TOURISM

## 1. MARKET PRODUCT FOCUS

**Priority 2:** Allocate 20-30% of promotional budget for

MARKET FOCUS	PRODUCT FOCUS
<b>Niche-based</b>	
Recreation travelers	Golf, gaming, spa, diving, or theme parks
Ecotourists	4-5 day adventure activities at natural sites
Backpackers	14+ days multiple destinations, cheap access and accommodation packages
Balikbayans	Affordable activities, restaurants and shopping packages



The Government of the  
Philippine Republic



# TOURISM

## 1. MARKET PRODUCT FOCUS

**Priority 1:** Allocate 60-70% of promotional budget for:

MARKET FOCUS	PRODUCT FOCUS
<b>Short haul</b>	
Beach goers	Varied beach and accommodation packages
Sightseeing/shoppers	4-5 days organized tours to specific cluster areas
Domestic market	Affordable long weekend and annual vacation packages



The Government of the  
Philippine Republic



# TOURISM

## 1. MARKET PRODUCT FOCUS

**Priority 3:** Allocate 20-30% of promotional budget for:

MARKET FOCUS	PRODUCT FOCUS
<b>Long-haul</b>	
Mass comfort	10-14 day package tours
Long haul niche	“Wow-level” beach and accommodation packages
Meetings, Incentives, Conferences, Exhibitions (MICE)	World class convention and exhibition facilities/competitively priced flights and hotel accommodations
Medi-tourists/ retirees	Suitable packages





The Government of the  
Philippine Republic



## 2. DESTINATION FOCUS

### MAJOR DESTINATIONS

- Cebu/Bohol/Camiguin
- Manila-Tagaytay
- Palawan: Construct Coron Airport (to International Standards)

### MINOR DESTINATIONS

- Vigan/Laoag
- Clark-Subic (Infra Chapter)

### SPECIAL INTEREST DESTINATIONS

- Baguio/Banaue/Cordillera
- Boracay

### POTENTIAL MAJOR DESTINATIONS

- Davao



# **TOURISM**

The Government of the  
Philippine Republic



## **3. BUILD PRIORITY TOURISM ZONES IN PRIORITY DESTINATION**

- **Establish Tourism Economic Zones (TEZs) in the priority destinations**
- **Remove barriers to free flow of investment**
  - Land banking
  - Expand the tourism police within the PNP
  - Ease visa and other restrictions
  - Improve the hosting attitude of front line immigration and customs officers
  - Adopt inter-regional arrangements on travel requirements
- **Improve Air access**
  - Liberalize the airline industry
  - Facilitate and organize charter flights
  - Expand and upgrade tourist airports
  - Customs, immigration and quarantine charges to be charged to customers instead of carriers



The Government of the  
Philippine Republic



# **TOURISM**

## **STRATEGIES: LEADERSHIP AND ACCOUNTABILITY**

- Recast DOT by consolidating its four marketing units
- Reduce representation in non-core markets
- Lease/sell majority of PTA's assets and get out of running hotels
- Hatch TEZA in PTA which will steward development of zones
- Manage and preserve cultural sites and natural endowment (See Part 5, Chapter 3)
- Create, monitor and coordinate strategic tourism plans, policies, programs and standards



The Government of the  
Philippine Republic



# **CHAPTER 6**

# **INFRASTRUCTURE**



The Government of the  
Philippine Republic



# INFRASTRUCTURE

- **Development plans to consider archipelagic economy**
- **Connection will decentralize progress and *bring* development to the countryside**
- **LGUs and the private sector to be NG's partners in the development and implementation of infrastructure**
- **Create Philippine Infrastructure Corporation (as a subsidiary of NDC) to jumpstart strategic projects**





The Government of the  
Philippine Republic



## **INFRASTRUCTURE**

- 2. Develop roads and rail systems that will decongest Metro Manila and develop Clark-Subic as the best logistics and services hub in the region**

**New centers for government, business and housing shall be established in Luzon, Visayas and Mindanao**

**Department of Agriculture: Mindanao**

**Department of Tourism: Cebu**

**Department of Land Reform: Iloilo**

**Department of Transportation  
& Communication: Clark**

**Department of Public Works &  
Highways: Bicol**

**New Government Center in Clark, envisioned to be ready 10 years hence**





The Government of the  
Philippine Republic







The Government of the  
Philippine Republic



# INFRASTRUCTURE

## 3. TOURISM INFRASTRUCTURE

**To provide access to major tourism destinations:**

- Cebu-Bohol-Camiguin
- Clark-Subic
- Cordillera
- Manila-Tagaytay
- Davao Gulf: Davao-Samal Island Garden City RORO; MIAA to manage Davao Airport; Gulf Development
- Ilocos: Laoag Airport Terminal
- Boracay: Iloilo Airport; Bacolod Airport
- Palawan: Coron Airport



The Government of the  
Philippine Republic



## **INFRASTRUCTURE**

### **4. Affirmative Action for Peace and Development in Mindanao and Other Highly Impoverished Areas**

- **Mindanao**
- **Bicol: the poorest region after Mindanao**
- **Region VIII: Samar, Leyte**
- **Negros – Panay**
- **Other Priority Rural Road Networks**



The Government of the  
Philippine Republic



# **INFRASTRUCTURE**

## **II. DIGITAL INFRASTRUCTURE**

### **1. Reduce Cost of Connectivity**

- **Promote investments and physical infra for high-speed connectivity at low cost**
- **Encourage competition and allow VoIP to reduce cost of info and communication services**
- **Achieve universal access and reduce digital divide by providing additional access points such as Community e-Centers**
- **Encourage telecom carriers to disperse new cell sites to connect the entire country**
- **Meet the broadband requirements of the government and business, especially in the regions**



The Government of the  
Philippine Republic



# **INFRASTRUCTURE**

## **II. DIGITAL INFRASTRUCTURE**

### **2. Regulatory/Legal Reforms**

- **Establish the DICT as a venue to achieve a web-enabled Philippines**
- **Strengthen the NTC and ensure its independence in performing its regulatory functions**
- **Enact Cyber Crime Prevention Law and adopt internationally accepted information security management standards**

### **3. Human Resource Development**

- **Accelerate e-learning and ICT education and training in all school levels**
- **Institutionalize ICT quality standards and certification systems**
- **Set up ICT manpower skills survey and tracking system for benchmarking and placement**



The Government of the  
Philippine Republic



# **INFRASTRUCTURE**

## **GOVERNANCE REFORMS**

- Rationalize the functions of infra-related agencies such as ERC, NTC, PPA, NWRB, NIA, MMDA, ATO, CICT/DICT, and privatize PPC
- Improve framework for private sector participation through amendment of BOT Law and IRR
- Set quality & price standards & ensure cost-efficiency of infra project
- Improved methodology for estimation of approved budget for the contract, value engineering guidelines, etc.
- Ensure fair participation of local contractors & consultants by fully implementing EO 278



The Government of the  
Philippine Republic



# INFRASTRUCTURE

**PIC will put together P100 B portfolio of infra projects by investing in the following:**

- **Southern Tagalog Arterial Road (STAR)**
- **South Luzon Expressway Extension (SLEX) Project**
  - **Rehabilitation of the 1.1 km Alabang Viaduct Project (TR-1)**
  - **Construction of the 7.8 km two-lane wide shoulders for the Calamba, Laguna to Sto. Tomas, Batangas (TR-3) of the SLEX**
- **Palawan Tourist Zone**



The Government of the  
Philippine Republic



# **INFRASTRUCTURE**

- **North-South Highway on the eastern side of Luzon**
- **La Union-Bicol Railway**
- **Batangas Port Road**
- **Cebu/Negros/Panay Expressway**
- **North and South Food Terminals**
- **Cebu Convention and Exhibition Center in Mactan**
- **Power Plants**



The Government of the  
Philippine Republic



# CHAPTER 7

# FISCAL STRENGTH





The Government of the  
Philippine Republic



## **FISCAL STRENGTH**

### **CURRENT SITUATION**

- **Deterioration in revenues**
- **Squeeze in expenditures especially capital outlays**
- **Unhealthy financial condition of some state enterprises**
- **Large debt burden imposes huge demand on the use of revenues and national income**



The Government of the  
Philippine Republic



## Targets: Fiscal Program, 2004-2010

### with Legislative and Administrative Measures (Ratio to GDP)

	2003 Actual	2004	2005	2006	2007	2008	2009	2010
Revenues	14.6	14.6	16.2	16.6	16.7	17.5	17.8	18.0
Disbursements	19.2	18.8	19.8	19.5	18.7	18.6	18.0	18.0
<i>of which:</i>								
Capital Outlay	2.6	2.4	3.2	3.1	3.1	3.3	3.5	4.2
NG Deficit	-4.6	-4.2	-3.6	-2.9	-2.0	-1.1	-0.2	0.0
CPSD <sup>1/</sup>	5.5	6.7	6.0	5.3	4.6	3.9	3.0	1.0
NG Debt <sup>1/</sup>	78.0	79.4	77.3	73.2	68.0	61.8	56.9	51.2
Public Sector Debt <sup>1/</sup>	137.5	136	123	116	108	101	94	90

<sup>1/</sup> Preliminary targets; Public sector debt figures still include intra-sectoral debt



The Government of the  
Philippine Republic



# **FISCAL STRENGTH**

## **ADMINISTRATIVE REVENUE MEASURES**

- 1. Periodic adjustment of fees and charges based on cost recovery principle**
- 2. Rate adjustment (e.g., increase in duty on petroleum products from 3 percent to 5 percent but contingent on world oil price decrease)**
- 3. Innovative Sources of Wealth Creation**
  - **Privatization of Napocor**
  - **Mobilization of investors for Mt. Diwalwal gold mines**
  - **Exploration/development of more oil/gas wells**
  - **Relaunching of massive reclamation projects**
  - **Major nationwide reforestation programs**
  - **Creation of HK-type enclaves to capture long-term investors**



# **FISCAL STRENGTH**

The Government of the  
Philippine Republic



## **ADMINISTRATIVE REVENUE MEASURES**

### **4. Mechanisms to encourage voluntary compliance and strengthen tax enforcement**

#### **Bureau of Internal Revenue**

- Encourage tax compliance (e.g., E-Raffle); intensified tax audit/surveillance using computerization and 3<sup>rd</sup> party information; and intensified collection efforts (e.g., for telecommunication, stockholder, IPP, airlines, theaters, shipping line, etc.)

#### **Bureau of Customs**

- Strengthening anti-smuggling powers through (a) Purchase of container X-rays; Expanded value reference system to prevent undervaluation; and (b) on-line tracking of cargoes and documents and electronic manifest for all ports to obtain advance data on port shipments
- Speed up processing of customs procedure and minimize face-to-face interaction through activation of electronic processing from filing to release via internet-based system and single window processing for all clearances required from various agencies



The Government of the  
Philippine Republic



## **FISCAL STRENGTH**

### **LEGISLATIVE TAX MEASURES**

- **Generate at least P 80 billion from eight (8) new tax measures; measures will also correct structural defects in the tax system**
  - **Indexation of excise tax on cigarettes and alcohol products**
  - **Two-step increase in VAT rate**
  - **Excise tax on petroleum**
  - **Rationalization of Fiscal Incentives**
  - **Franchise tax on telecommunications**
  - **General Tax Amnesty**
  - **Lateral Attrition System**
  - **Gross Income Taxation**



The Government of the  
Philippine Republic



# **FISCAL STRENGTH**

## **EXPENDITURE MEASURES**

### **ADMINISTRATIVE MEASURES**

- 1. Austerity Program**
- 2. Rationalization of scope and functions of government agencies**
- 3. Improvement of management of GOCCs**
  - Evaluate GOCC projects using value engineering, benchmarking, and based on impact, performance-based orientation**
  - Suspension of all subsidies to GOCCs, OGCEs, LGUs except those approved by FIRB**
  - Impose moratorium on establishment of new GOCCs, except PIC**
  - Address NPC losses through privatization, changes in pricing policy and debt absorption by NG**



The Government of the  
Philippine Republic



# **FISCAL STRENGTH**

## **EXPENDITURE MEASURES**

### **ADMINISTRATIVE MEASURES**

- 4. Full implementation of devolution provision of LGC**
- 5. Allocate and spend on right things, i.e., Plan priorities**
  - Increase in social safety program within the budget**
  - Operationalize the MTPIP and MTEF as basis for future budgets**
  - Base ICC's project approval on cost efficiency, effectiveness, and consistency with MTPDP**
- 6. Transfer to the General Fund all balances of dormant accounts**





The Government of the  
Philippine Republic



# **FISCAL STRENGTH**

## **EXPENDITURE MEASURES**

### **LEGISLATIVE MEASURES**

- **Fiscal Responsibility Bill**
- **Omnibus Reengineering Loan**
- **Rationalization of Government Retirement and Pension Scheme**
- **Rationalization of Government Compensation Scheme**
- **Removal of Automatic Guarantee Provision in certain GOCCs**





The Government of the  
Philippine Republic



## **FISCAL STRENGTH**

### **DEBT MANAGEMENT**

- In accordance with 'scrap and build policy', establish within the DOF a risk management system and Debt Management Unit to identify, quantify, monitor, and manage NG's exposure to contingent liabilities
- Tighten the guidelines for availing of government guarantee and push for the removal of the automatic guarantee provisions
- Manage debt service, ( amortization, interest, and exchange rate risks) through buy-back, bond exchange, and debt swaps



The Government of the  
Philippine Republic



## CHAPTER 8

# THE FINANCIAL SECTOR



The Government of the  
Philippine Republic



## FINANCIAL SECTOR CURRENT SITUATION

**Low Savings/GDP, liquidity, and dominance of government debt papers in the domestic capital market**

	<b>Savings-to-GDP<sup>1/</sup> (2003)</b>	<b>Broad Money (M2)-to-GDP<sup>1/</sup> (2003)</b>	<b>Domestic Market capitalization /GDP<sup>2/</sup> (2003)</b>	<b>Gov't Securities- to-Outstanding Debt Issues<sup>3/</sup> (2004)</b>
<b>Philippines</b>	<b>21.2</b>	<b>39.5</b>	<b>28.83</b>	<b>93.11 (Aug 31)</b>
Malaysia	42.9	108.7	156.04	58.51 (Sep 27)
Singapore	46.7	122.4	162.58	n.a.
Thailand	32.8	95.0	83.12	82.10 (Sep 27)
Indonesia	21.5	53.5	26.24	n.a.
Korea	32.8	124.5	49.27	60.94 (Sep)
Hong Kong	31.6	312.6	456.17	n.a.
China	44.4	189.2	n.a	n.a.

<sup>1/</sup> Source: ADB, Philippine data: NEDA

<sup>2/</sup> World Federation of Exchanges, 2003

<sup>3/</sup> Country statistical websites



The Government of the  
Philippine Republic



## **FINANCIAL SECTOR**

### **CURRENT SITUATION**

**Financial system characterized by:**

- **Inflation and fiscal risks undermine long-term savings**
- **Oversight agencies do not have adequate regulatory powers to prevent systemic risk**
- **Weak protection of creditor and investor rights**
- **Dominated by government securities**
- **Lack of instruments designed for small savers**
- **Tax distortions discourage investments in financial instruments**
- **Emerging funding gap in public pension system**



The Government of the  
Philippine Republic



## **FINANCIAL SECTOR STRATEGIES**

- 1. Manage inflation through inflation targeting and supply side measures**
- 2. Prevent and minimize systemic risks by strengthening regulatory framework and creating an environment of transparency and accountability in line with international standards**
  - **Amend BSP Charter and CDA Charter to strengthen supervisory capacity**
  - **Amend Corporation Code to protect minority shareholders**
  - **Propose enactment of Pre-Need Code; Revised Investment Company Bill; Lending Investors Bill; Central Credit Information Bureau**
  - **Strengthen consolidated supervision among regulatory agencies**
  - **Apply Risk-based capital adequacy framework for SEC regulated companies**



The Government of the  
Philippine Republic



## **FINANCIAL SECTOR STRATEGIES**

- 3. Improve liquidity by establishing fixed income exchange, encouraging new listings of equities in the PSE; and encouraging the immediate securitization of housing loan portfolios of government agencies**
- 4. Tap savings through new products (e.g., PERA Bill)**
- 5. Remove double taxation of insurance products**
- 6. Rationalize government pension and retirement schemes and designate pension fund regulator**



# **FINANCIAL SECTOR STRATEGIES**

The Government of the  
Philippine Republic



## **7. Increase SME access to financing**

- **DBP, LandBank, NLSF, PhilExim, SB Corp, Quedancor, SSS, and GSIS to provide P 310 billion in loans from 2004 –2010 (yearly loan to triple from P 24 bn in 2004 to 72 billion by 2010)**
- **Strengthen implementation of mandatory lending to SMEs**
- **Improve information on borrowers through bank voluntary waiver on sharing of information**
- **BSP monetary policy to encourage more involvement by banks in SME lending**
- **Encouragement development of credit rating/scoring system for SME loans**





The Government of the  
Philippine Republic



# CHAPTER 9

# LABOR





The Government of the  
Philippine Republic



# **LABOR AND EMPLOYMENT**

## **CURRENT SITUATION**

- **High unemployment**
  - highest among the youth (48.7% of unemployed)
  - 2/3 are found in the urban areas
  - influenced by the rise and fall of agriculture employment
  - jobs-skills mismatch
  - industry competitiveness
- **Emerging flexible work, new employment arrangements (part-time, temporary, subcontracting and BPO)**
- **Growing informal sector (37.6% own-account, and 12.9% unpaid family workers) and overseas Filipino workers (875 thousand annual average deployment)**
- **Sustaining industrial peace (strike incidence in 20 years reached record-low in 2002) thru social dialogue and alternative dispute resolution**



The Government of the  
Philippine Republic



# **LABOR AND EMPLOYMENT STRATEGIES**

**Government shall promote full, decent  
and productive employment for every Filipino worker.**

- **Employment Generation**

**Creating, directly or indirectly, new employment opportunities  
in the domestic labor market**

- **Employment Preservation**

**Enhancing worker-employer relationship to preserve  
employment thru freedom of association and free collective  
bargaining, continuing social dialogue, mediation and  
voluntary arbitration of conflict and shared decision  
mechanisms at the firm, industry, sector and national levels.**



The Government of the  
Philippine Republic



# **LABOR AND EMPLOYMENT STRATEGIES**

- **Employment Enhancement**  
Improving workers' competency, productivity and work values, work conditions, remuneration, protection and welfare (here or abroad)
- **Employment Facilitation**  
Facilitating access of Filipino workers to employment opportunities in the local and overseas labor market



The Government of the  
Philippine Republic



# **LABOR AND EMPLOYMENT**

## **ACTION PLAN**

- **Employment Generation (part I)**
  - **Developing OFWs and/or their families as entrepreneurs (Expanded OFW Reintegration Program)**
  - **Developing Worktrepreneurs (Poverty Free Zone Program)**
  - **Issuing administrative guidelines and proposing legislative amendments to recognize flexible work arrangements (e.g. subcontracting, flexiwork, flexiwage) especially in business outsourcing and cooperatives**



The Government of the  
Philippine Republic



# **LABOR AND EMPLOYMENT**

## **ACTION PLAN**

- **Employment Preservation**
  - **Establishing Tripartite Assistance and Supervising Committee and administering an “Industrial Peace and Stability Fund” to assist displaced workers**
  - **Ensuring 24 hrs, 7 days a week action on labor cases (Labor Dispute Resolution Program)**
  - **Promoting alternative dispute settlement at the workplace for unionized and non-unionized establishments (Conciliation and Mediation, Voluntary Arbitration, Grievance Machinery and Labor Management Council)**
  - **Implementing electronic case management and tracking system**



The Government of the  
Philippine Republic



# **LABOR AND EMPLOYMENT**

## **ACTION PLAN**

### **Employment Enhancement**

- **Showcasing productivity improvement programs in MSME and BMBEs (ISTIV)**
- **Providing opportunities for the youths to acquire skills and competencies required by the market (Kasanayan at Kabuhayan Program; Special Program for the Employment Students; Emergency Employment for OSY/ OWY in Metro Manila)**
- **Setting up Tripartite Consultative Council to institutionalize OFW and private sector participation in overseas employment**
- **Increasing the number of workers in the informal sector who are covered by social protection (DOLE Social Protection Program for WIS)**



The Government of the  
Philippine Republic



# **LABOR AND EMPLOYMENT**

## **ACTION PLAN**

- Pursuing bilateral agreements in cooperation with the private sector for securing employment, and ensuring protection and welfare of Filipino workers abroad
- Implementing performance appraisal system of all licensed recruitment agencies (Anti-Illegal Recruitment Program)
- **Employment Facilitation**
  - Interconnecting the major Public Employment Service Offices (PESO) to strengthen the labor market information system to ensure a more efficient matching of jobs and skills; Including setting up of SMS technology
  - Completing the implementation of the eLink to cut down on the OFW documentation time and cost by 50%





The Government of the  
Philippine Republic



# **PART TWO**

# **ENERGY**



The Government of the  
Philippine Republic



## Chapter 1

# ENERGY INDEPENDENCE



The Government of the  
Philippine Republic



# **ENERGY INDEPENDENCE**

## **INTRODUCTION**

**Energy reform sustain Economic Growth as they promote:**

- **Market-based environment**
- **Increased investment and job opportunities**
- **Level playing field**
- **Improved efficiencies and services**
- **Power of Choice for Consumers**



The Government of the  
Philippine Republic



# **ENERGY INDEPENDENCE**

## **STRATEGIES**

- 1. Increase Oil & Gas Exploration**
- 2. Renewable Energy Development**
- 3. Expanded use of Nat Gas and Accelerated development of alternative fuels such as coconut bio-diesel and ethanol**
- 4. Forging Strong Strategic Alliance**
- 5. Energy Efficiency and Conservation**
- 6. Legislative Agenda**



The Government of the  
Philippine Republic



## Chapter 2

# POWER SECTOR REFORMS



The Government of the  
Philippine Republic



# **POWER SECTOR REFORMS**

## **MAJOR CONCERNS & CHALLENGES/POLICY THRUST & STRATEGIES**

- 1. Address NPC Losses**
- 2. Strive to Reduce Electricity Rates**
- 3. Encourage Private Sector Participation**
- 4. Ensure Sufficient and Reliable Power and System Efficiency Improvement**
- 5. Total Barangay Electrification by 2008**



The Government of the  
Philippine Republic



# **PART THREE**

# **SOCIAL JUSTICE AND BASIC NEEDS**





The Government of the  
Philippine Republic



# **CHAPTER 1**

## **BASIC NEEDS: ANTI-POVERTY PROGRAM**



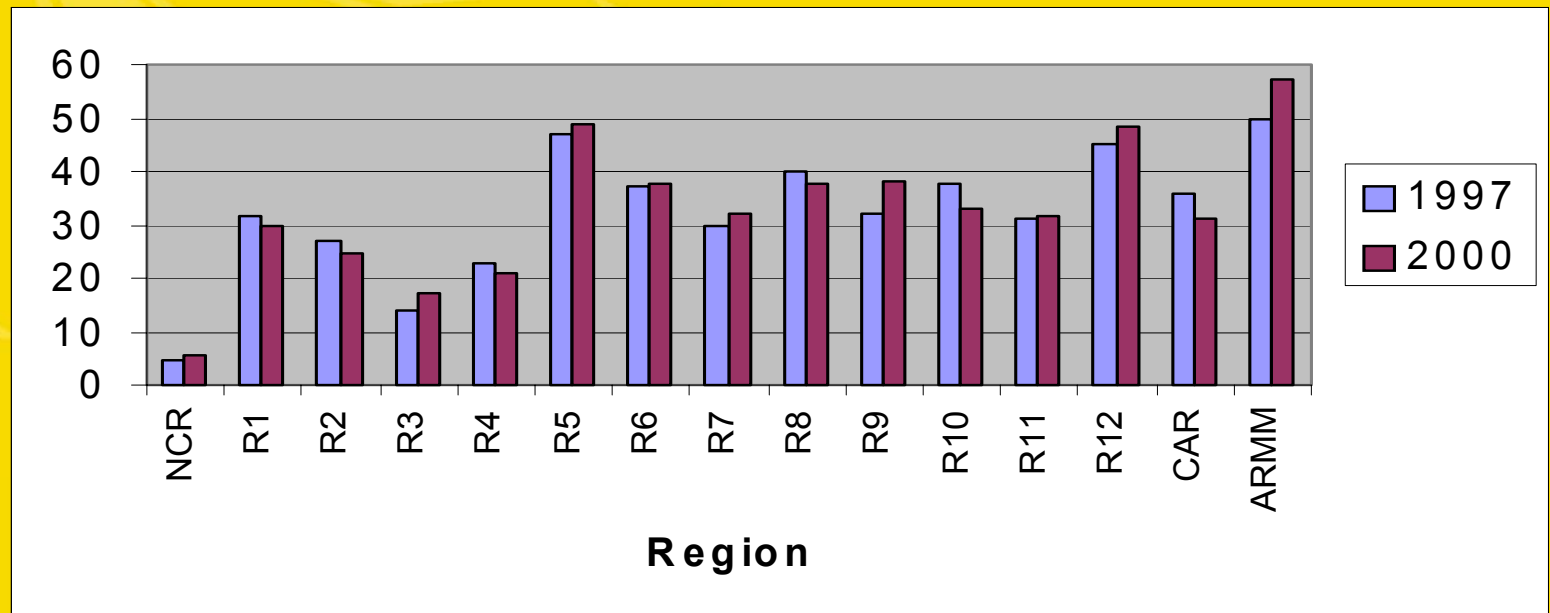
The Government of the  
Philippine Republic



## RESPONDING TO BASIC NEEDS

### SITUATIONER

- Poverty incidence worsened to 34 percent in 2000 from 33 percent in 1997;
- Poverty is basically rural and level of poverty is most severe in Bicol and almost all the regions in Mindanao





The Government of the  
Philippine Republic



## **RESPONDING TO BASIC NEEDS**

### **Goal 1: Enhanced livelihood activities**

- **Encourage more cooperative, and NGOs, Thrift, rural, and cooperative banks to provide gender-responsive micro-finance products and services (e.g., training, product development, social insurance)**
- **Mandate (through EO) CFIs to set aside funds for MSMEs under the SULONG Program**
- **Fully fund the People Development Trust Fund**
- **Expand livelihood convergence projects/models (e.g., Work/entrepreneurship development programs; poverty free zones programs; “Isang Bayan, Isang Produkto, Isang Milyong Piso Program”)**
- **Provide enabling legislation of the microfinance sector**
- **Simplify requirements and business procedures**



The Government of the  
Philippine Republic



## RESPONDING TO BASIC NEEDS

### Goal 2: Hastened management of asset reform

- **AGRARIAN REFORM:** pursue passage of Farmland as Collateral Bill and institute innovations to fast track CARP implementation (e.g. computerization of land records, one-stop shop in land titling)
- **URBAN ASSET REFORM:** provide security of shelter through issuance of legal rights to legalize tenure
- **ANCESTRAL DOMAIN:** Fast-track the issuance of Certificate of Ancestral Domain (CAD) and Ancestral Land Titles (CALT)



The Government of the  
Philippine Republic



## **RESPONDING TO BASIC NEEDS**

### **Goal 3: Improved accessibility and affordability of essential services**

- **Provide potable clean water and sanitation facilities to 200 waterless baragays in Metro Manila and 200 waterless municipalities in the rest of the country**
- **Improved accessibility, affordability, and quality of health care**
- **Reduce by half the cost of medicines through increased and improved distribution, importation through PITC and local sourcing, partnership with pharmaceutical industry, resolution of patent issues, increased use of generic products, community-based initiatives (Botika sa Barangays)**
  - **85 percent health insurance coverage by 2010**



The Government of the  
Philippine Republic



## **RESPONDING TO BASIC NEEDS**

### **Goal 4: Protection of the vulnerable**

#### **Children in need of special attention**

- **Expand programs on child health and nutrition to cover underserved areas (e.g., Bright Child)**
- **Provide food and non-food support for learning program to ease school drop out rates**
- **Strengthen centers and institutions for survival, protection and development of children**

#### **Youth with special needs**

- **Improve structure and management of rehabilitation and correctional centers and institutions for youth offenders and drug dependents**
- **Establish drug treatment and rehabilitation centers**



The Government of the  
Philippine Republic



## RESPONDING TO BASIC NEEDS

### Goal 4: Protection of the vulnerable

#### Women in especially difficult circumstances

- Emphasize maternal health, women's health, and nutrition, responsible parenthood
- Intensify training and capability program to increase women's opportunity for self-employment under a livelihood convergence strategy
- Improve centers and institutions for the protection of women

#### Persons with disabilities

- Improve structure and management of centers and institutions
- Intensify implementation and monitoring of Accessibility Law, increase accessibility infrastructures for PWDs





The Government of the  
Philippine Republic



## RESPONDING TO BASIC NEEDS

### Goal 4: Protect the vulnerable

#### Older persons

- Improve structure and management of centers and institutions, and community-based care aimed at providing residential care and day services



The Government of the  
Philippine Republic



# **RESPONDING TO BASIC NEEDS**

## **Goal 5: Empowerment of the Poor**

- **Full implementation and institutionalization of KALAHI-CIDSS**
- **Support the expansion and replication nationwide of private sector led initiatives (e.g., Gawad Kalinga and Habitat for Humanity)**



The Government of the  
Philippine Republic



# **CHAPTER 2**

# **NATIONAL HARMONY: AUTOMATED ELECTIONS**



The Government of the  
Philippine Republic



## **NATIONAL HARMONY: AUTOMATED ELECTIONS**

- **Automate elections**
- **Amend the Election Modernization Law to provide for new technology**
- **Intensify voter education for civic responsibility**
- **Reform campaign finance (e.g., subsidize political parties)**



The Government of the  
Philippine Republic



# **NATIONAL HARMONY: AUTOMATED ELECTIONS**

## **SITUATIONER**

- **Manual tallying and canvassing of votes**
- **Expensive elections**
- **Ineffective voter education campaigns**
- **Unaccountable political party financing**



The Government of the  
Philippine Republic



## CHAPTER 3

# NATIONAL HARMONY: THE PEACE PROCESS



The Government of the  
Philippine Republic



# **NATIONAL HARMONY: THE PEACE PROCESS STRATEGIES**

## **Peacemaking and Peacekeeping**

- 1. Continuation of peace talks and conclusion of peace agreements (MILF, CPP-NPA-NDF, RRA, RPMM)**
- 2. Complementary measures to minimize violence arising from armed conflicts**
- 3. Full implementation of existing final peace agreements**
- 4. Implementation of enhanced reintegration, rehabilitation and amnesty program**



The Government of the  
Philippine Republic



# **NATIONAL HARMONY: THE PEACE PROCESS STRATEGIES**

## **Peacebuilding and Conflict Prevention**

**5. Rehabilitation and development of conflict areas**

**6.a. Catch-up development program for ARMM**

- **Complete devolution of ARMM agencies**
- **Budget Reform**
- **Completion of infrastructure for interconnectivity of ARMM provinces and city**
- **Health and education programs**
- **Filling up of vacancies and support for operation of Sharia'h courts**
- **Land tenure improvement**
- **Enhanced agricultural productivity**
- **Support for ARMM Special Economic Zone**
- **Holding of orderly and meaningful elections in ARMM**





The Government of the  
Philippine Republic



# **NATIONAL HARMONY: THE PEACE PROCESS STRATEGIES**

## **6.b. Affirmative Action Agenda for Muslims**

- **Appointments to senior government positions**
- **Rehabilitation of Islamic banking**
- **Creation of salaam police for NCR and Urban centers**
- **Non-discriminatory policies and procedures in police and military action against terrorism**
- **Improved Hajj supervision**
- **Promotion of Muslim holidays/religious festivals**
- **Elimination of discrimination or affirmative action in schooling and employment**
- **Streamlining and strengthening of OMA**

## **7. Conduct of healing and reconciliation programs in conflict-affected areas**



The Government of the  
Philippine Republic



## CHAPTER 4

# NATIONAL HARMONY: HEALING THE WOUNDS OF EDSA



The Government of the  
Philippine Republic



# **NATIONAL HARMONY: HEALING THE WOUNDS OF EDSA**

## **CURRENT SITUATION**

- **Continuing hostility and mistrust between parties in conflict**
- **Divisiveness of society after every election**
- **High profile cases take very long time to resolve**
- **Persistent social inequality and poverty**
- **Frayed social fabric as reflected in May 1, 2001 storming of Malacañang and the series of people power attempts**



The Government of the  
Philippine Republic



# **NATIONAL HARMONY: HEALING THE WOUNDS OF EDSA**

## **POLICY OBJECTIVE AND STRATEGIC MEASURES**

- **Accelerate compensation to victims of human rights violations**
- **Build consensus in pursuing reconciliation and national unity**
- **Provide safe venues for victims and perpetrators of oppression for sharing of experiences and addressing needs**
- **Speed-up disposition of high-profile cases**



The Government of the  
Philippine Republic



# **NATIONAL HARMONY: HEALING THE WOUNDS OF EDSA**

## **POLICY OBJECTIVE AND STRATEGIC MEASURES**

- **Implement reforms in military as provided in the Davide and Feliciano Commissions**
- **Provide creative approaches for healing wounds of EDSA 1 and 2**
- **Formulate legislation on national security**



The Government of the  
Philippine Republic



## **CHAPTER 5**

# **BASIC NEEDS: PEACE AND ORDER**



The Government of the  
Philippine Republic



## **BASIC NEEDS: PEACE AND ORDER**

**Peace and order is an essential ingredient to maintaining economic development, social order and political stability.**



The Government of the  
Philippine Republic



## **BASIC NEEDS: PEACE AND ORDER**

### **SITUATIONER**

**Higher than tolerable level of criminality caused by:**

- **Ill-equipped and undermanned police force**
- **Lack of the desired holistic and integrated approach to rising criminality and terrorism**





The Government of the  
Philippine Republic



## **BASIC NEEDS: PEACE AND ORDER**

**Strategy 1:** A condition of peace and order facilitates the growth of investments, generates more employment and attracts more tourist. This, coupled with effective and credible law enforcement jointly executed by a trilateral partnership between the local executive, the police and the community would eventually result to minimization of terrorism, syndicated crimes ( i.e. kidnapping, drug trafficking and bank robberies) and common crimes against property.



The Government of the  
Philippine Republic



## **BASIC NEEDS: PEACE AND ORDER**

### **Strategy 2: Pursue professionalization of the PNP**

- **Upgrading of recruitment standards and increasing the annual recruitment of qualified personnel**
- **Continuous career training and development program with focus on courses that address identified training needs**



The Government of the  
Philippine Republic



## **BASIC NEEDS: PEACE AND ORDER**

**Strategy 3:** Continuous and intensified operations to neutralize terrorism and other organized crime groups

- Acquisition of basic equipment, facilities and upgrading of crime prevention infrastructure, technology and equipment;
- Enhanced LGU-police-community partnership;
- Strengthening the legal framework; and
- Rationalization of respective mandates and structures involved institutions.



The Government of the  
Philippine Republic



# **CHAPTER 6**

## **BASIC NEEDS: RULE OF LAW**



The Government of the  
Philippine Republic



## **BASIC NEEDS: RULE OF LAW SITUATIONER**

- **COURTS AND ADJUDICATION PILLAR**
  - **Delayed dispensation of justice**
  - **Clogged court dockets**
  - **Lack of courts**
  - **Limited access to justice by the poor**
  - **Perceived graft and corruption**



## **BASIC NEEDS: RULE OF LAW SITUATIONER**

### **● PROSECUTION PILLAR**

- Slow resolution of cases**
  - Shortage of prosecutors**
  - Lack of information technology system for the prosecution service for monitoring and database build-up**
- Need to improve free legal service**
- Underutilized Katarungan Pambarangay**

### **● LAW ENFORCEMENT PILLAR (discussed in Part 3, Chapter 5: Basic Need: Peace and Order)**



The Government of the  
Philippine Republic



## **BASIC NEEDS: RULE OF LAW SITUATIONER**

- **CORRECTIONS AND REHABILITATION PILLAR**
  - **Congested jails**
  - **Poor jail facilities**
  - **Inadequate food**
- **COMMUNITY PILLAR**
  - **Lack of concern in upholding the rule of law**
  - **Lack of information in the criminal justice process**



The Government of the  
Philippine Republic



## **BASIC NEEDS: RULE OF LAW STRATEGIES**

### **1. COURTS AND ADJUDICATION PILLAR**

- **Support the Action Program for Judicial Reform (APJR) projects on case decongestion**
- **Support the mandatory continuous trial system and Speedy Trial Act of 1998**
- **Coordinate with the courts and DILG to strengthen the Barangay Justice System**
- **Provide access to justice by the poor and harness the IBP and other initiatives on free legal service**
- **Advocacy on the Alternative Dispute Resolution (ADR)**





The Government of the  
Philippine Republic



## **BASIC NEEDS: RULE OF LAW STRATEGIES**

### **2. PROSECUTION PILLAR**

- **Expedite resolution of cases**
  - **Intensify recruitment of prosecutors**
  - **Establish information technology system for the prosecution service**
- **Improve free legal service**
  - **Upgrade skills of public attorneys**
  - **Regionalize the DOJ Action Center**
- **Maximize the utilization of the Katarungan Pambarangay**
  - **Prosecutors/Public Attorneys to conduct nationwide trainers' and barangay officials' trainings**



The Government of the  
Philippine Republic



## **BASIC NEEDS: RULE OF LAW STRATEGIES**

- Legal education assistance to barangay officials thru the Barangay Outreach Program of the PAO

### **3. CORRECTIONS AND REHABILITATION PILLAR**

- Strict monitoring of prisoners' carpetas/prison records through a systematic and improve records system to avoid any delay in the release of prisoners
- Improve jail facilities
- Strengthen rehabilitation programs for prisoners



The Government of the  
Philippine Republic



## **BASIC NEEDS: RULE OF LAW STRATEGIES**

### **4. COMMUNITY PILLAR**

- **Strengthen the building linkages and understanding between the community and other pillars of the criminal justice system to improve administration of and access to justice**
- **Information dissemination on the criminal justice process**



The Government of the  
Philippine Republic



# **PART FOUR**

# **EDUCATION AND YOUTH OPPORTUNITY**



The Government of the  
Philippine Republic



## **BASIC NEEDS: RULE OF LAW STRATEGIES**

- **Expedite prosecution of cases Modernize the prosecution service information system**
- **Upgrade public attorney's skills**
- **Strengthen the Barangay Justice System**
- **Strengthen ADR mechanisms**
- **Modernize labor case tracking**
- **Pursue effective correction and rehabilitation programs**
- **Strengthen community-based crime prevention activities**
- **Institutionalize community-based Paralegal team and Legal Support Services for IPC**



The Government of the  
Philippine Republic



# CHAPTER 1

# EDUCATION



The Government of the  
Philippine Republic



# **EDUCATION STRATEGIES**

## **A. EARLY CHILDHOOD EDUCATION**

- **Expand present Early Childhood Care and Development (ECCD) coverage to reach all 5-year olds**
- **Adopt the Standard School of Readiness Assessment to determine the readiness 5-year olds to enter Grade 1**
- **Review and amend the ECCD Law**
- **Implement Early Childhood Education in Teacher Education curricula**
- **Provide health and nutrition services as part of day care, pre-school, elementary and high school**



The Government of the  
Philippine Republic



# EDUCATION STRATEGIES

## **B. BASIC EDUCATION**

- **Close the classroom gap**
  - **Build 6,000 classrooms a year**
  - **Adopt Double Shift Classes**
  - **Expand Service Subcontracting/ Provide Scholarship for Students to Study in Private High School**
- **Install Distance Learning in Conflict Areas**
- **Provide Computers in Every High School**
- **Upgrade Math, Science, and English Teaching and Learning**
- **Institutionalize Values Formation in Day Care, Prep and Basic Education**





The Government of the  
Philippine Republic



## **EDUCATION STRATEGIES**

### **B. BASIC EDUCATION .... Continuation**

- **Implement the Optional Bridge Program**
- **Strengthen Madrasah and Indigenous Peoples Education**
- **Upgrade the Quality of Pre- and In-service Training of Teachers**
- **Promote School-based Management and Governance**
- **Rationalize the Basic Education Budget through more collaborative partnership with the private sector**



The Government of the  
Philippine Republic



# **EDUCATION STRATEGIES**

## **C. TECHNICAL VOCATIONAL EDUCATION AND TRAINING**

- **Ladderize Interface of TVET to College**
- **Provide Scholarship for TVET Students**
- **Institutionalize Job-Skill Matching**
- **Intensify and Expand Enterprise-based Training**
- **Intensify Availability of Skill-specific Training for domestic and overseas labor market**
- **Establish Community Colleges**



The Government of the  
Philippine Republic



# **EDUCATION STRATEGIES**

## **D. HIGHER EDUCATION**

- **Provide Scholarship/Financial Assistance for College Students**
- **Institutionalize Pre-baccalaureate as Bridging Program to College**
- **Institutionalize a System for Articulation/ Recognition of Prior Learning within the Philippine National Qualifications Framework thru Ladderization and Equivalency**
- **Upgrade the Quality of Higher Education Curriculum**
- **Rationalize Governance and Financing for Higher Education Institutions**



The Government of the  
Philippine Republic



# CHAPTER 2

# SCIENCE AND TECHNOLOGY



The Government of the  
Philippine Republic



## **SCIENCE AND TECHNOLOGY**

### **KEY CHALLENGES**

- **Make S&T policies supportive of national development goals and policies**
- **Enhance competitiveness of the country's human capital**
- **Develop critical mass of scientists and R&D personnel**
- **Speed up knowledge creation and dissemination for greater productivity and job creation, especially to the rural areas**
- **Improve mechanism/programs to promote and encourage technology-based entrepreneurship**



The Government of the  
Philippine Republic



## **SCIENCE AND TECHNOLOGY**

**Accelerate knowledge creation and transfer to upgrade technologies and increase productivity**

- **Upgrade pool of S&T manpower resources (Balik Scientist Program)**
- **Disseminate knowledge: productivity enhancing technologies, best practices, R&D results to the rural poor and urban poor**
- **Strengthen and maximize the use of PCARRD Model, Philrice & other provincial extension models**
- **Upgrade existing and establish new R&D laboratories, design and testing facilities and other centers**
- **Allocate bigger percentage of agency budgets for R&D and field extension work**



The Government of the  
Philippine Republic



## **SCIENCE AND TECHNOLOGY**

### **Promote technology-based entrepreneurship**

- **Pursue SUC demonstration projects and other income generating projects for LBP and DBP financing**
- **Promote extensively mariculture activities with mangrove and fish sanctuaries development**
- **Provide free patents search to MSMEs**





The Government of the  
Philippine Republic



## **SCIENCE AND TECHNOLOGY**

**Adopt S&T policies supportive of national development goals and policies**

- **Implement the DOST-developed Philippine National Innovation Systems**
- **Strengthen the Science and Technology Coordination Council**

**Enhance competitiveness of the country's knowledge and S&T workers**

- **Develop critical mass of scientists, R&D personnel, ICT engineers/workers, and other knowledge/skilled workers**
- **Set and implement quality standards, accreditations and certification systems**





The Government of the  
Philippine Republic



# CHAPTER 3

# CULTURE



The Government of the  
Philippine Republic



# **CULTURE AND DEVELOPMENT**

## **MAJOR STRATEGIES**

- 1. Mainstreaming Culture and Development in plans, policies, programs and projects**
- 2. Institutionalize culture in education and in good governance**
- 3. Continue implementation of programs for the promotion of culture and artistic development**
- 4. Promote sustainable heritage conservation approach e**
- 5. Expand cultural exchanges and agreements with other countries**
- 6. Create special cultural programs in line with national peace and unification initiatives**
- 7. Encourage the generation of jobs or livelihood from cultural industries**



The Government of the  
Philippine Republic



# **PART FIVE**

# **ANTI-CORRUPTION AND GOOD GOVERNANCE**



The Government of the  
Philippine Republic



# CHAPTER 1

# ANTI-CORRUPTION



The Government of the  
Philippine Republic



## **ANTI-CORRUPTION SITUATIONER**

- **Bureaucrat's lack of autonomy from big economic interests**
- **Low Pay of civil servants**
- **Low social awareness of the deleterious effects of corruption**
- **High tolerance for graft and corruption practices**
- **Need to strengthen integrity, transparency, accountability in government transactions**



The Government of the  
Philippine Republic



# **ANTI-CORRUPTION STRATEGIES**

## **PUNITIVE ANTI-CORRUPTION**

- **Targeted Lifestyle checks**
- **Make BIR and BoC as showcases**
- **Strengthen investigative capacity of Ombudsman**
- **Pass law to make Ombudsman like HK-ICAC**



The Government of the  
Philippine Republic



## **ANTI-CORRUPTION STRATEGIES**

### **PREVENTIVE ANTI-CORRUPTION**

- Strengthen procurement reforms
- Strengthen National Government Accounting System (NGAS)
- Simplify and speed up frontline services (e.g., SME processes)
- Identify and Address Corruption Vulnerabilities (Integrity Development Reviews)
- Open up government projects to scrutiny by all sectors
- Enact Whistle-blower Law



The Government of the  
Philippine Republic



## **ANTI-CORRUPTION STRATEGIES**

### **PROMOTE ZERO TOLERNACE FOR CORRUPTION**

- **Conduct Values Seminars in government and school (Council on Values Formation)**
- **Mobilization of the formal and non-formal educational system, the media and civic organization to deliver the message of societal reforms**
- **Revise the basic education curriculum to accommodate values formation**





The Government of the  
Philippine Republic



# **CHAPTER 2**

# **BUREAUCRATIC REFORMS**



The Government of the  
Philippine Republic



## **BUREAUCRATIC REFORM STRATEGIES**

- **Government reengineering**
  - Administrative: EO 366: Directing a Strategic Review of the Operations and Organizations of Executive Branch and Providing Options and Incentives for Affected Government Employees)**
  - Legislative: Pass Re-engineering bill**
- **Rationalize pay of government workers**
- **Promote meritocracy through recruitment of “best and the brightest”**
- **Capacity building for the government workforce**



The Government of the  
Philippine Republic



## CHAPTER 3

# NATIONAL HARMONY: DEFENSE AGAINST THREATS TO SECURITY



The Government of the  
Philippine Republic



## **DEFENSE AGAINST THREATS TO SECURITY**

### **CURRENT SITUATION**

- **Defense reform is needed for a stronger, more capable and responsive DND-AFP**
- **Need to Upgrade the capability of the AFP**
- **The DND and the AFP shall continue to perform its role of preserving internal and external security**
- **The DND and the AFP shall address the ongoing insurgency and other internal security threats that have a negative impact on the economy**



The Government of the  
Philippine Republic



## DEFENSE AGAINST THREATS TO SECURITY

**Strategy 1:** Implement the Philippine Defense Reform (PDR) program through:

- A comprehensive and lasting reform agenda for the DND and the AFP by:
  - Institutional & Strategic Improvements in the defense and military establishment
  - Promoting the Welfare and Benefits of Soldiers
  - Institutionalizing Improvements through a new National Defense Act



The Government of the  
Philippine Republic



## **DEFENSE AGAINST THREATS TO SECURITY**

- **Sustain focus on the Ten (10) key areas of improvement under the PDR**
  - **Implementation of a strategy-driven, Multi-Year Defense Planning System (MYDPS)**
  - **AFP operational and training capacity**
  - **Operational readiness rates of key AFP systems**
  - **Staff development**
  - **Development of an effective AFP Personnel Management System**
  - **Planning, programming and execution of a MYDPS for the AFP**
  - **Optimizing the defense budget and improving management controls**
  - **Creating a professional acquisition work force and establishing a centrally managed defense acquisition system**
  - **Increasing capability of the AFP to conduct Civil and Military Operations**
  - **Development of accurate baseline data on critical AFP functional areas**



The Government of the  
Philippine Republic



## DEFENSE AGAINST THREATS TO SECURITY

**Strategy 2:** Upgrade the capability of the AFP over a 6-year period

- AFP will identify the required resources in areas such as mobility, firepower, communications, force protection and combat life support
- Enhance and upgrade the operations and training of land force, maritime force, air force as well as Joint Command and Control



The Government of the  
Philippine Republic



## **DEFENSE AGAINST THREATS TO SECURITY**

### **Strategy 3: Ensure observance of the ceasefire**

- **Assist the Office of the Presidential Adviser on the Peace Process in the formulation of provisions that will safeguard the cessation of hostilities**
- **Support the social development of government designed initiatives**





The Government of the  
Philippine Republic



## **DEFENSE AGAINST THREATS TO SECURITY**

### **Strategy 4: Enhancing the ability to fight terrorism**

- **Effectively address the threat of terrorism**
- **Continue operations against the remnants of the Abu Sayyaf to further degrade its strength and prevent its resurgence**
- **Continue to monitor the activities of other terrorist groups and deny their sanctuaries, training grounds or bases of operation**



The Government of the  
Philippine Republic



## **DEFENSE AGAINST THREATS TO SECURITY**

### **CONCLUSION**

- **Institutional and strategic improvements in the defense and military establishment will provide the foundation for a strong and mission-capable DND and AFP**
- **Implementation of needed reforms and the upgrade of the capability of the DND and AFP to meet its missions augur well for the campaign to achieve a lasting peace that will establish an environment conducive to economic growth and development**



The Government of the  
Philippine Republic



# **CHAPTER 4**

# **RESPONSIVE FOREIGN POLICY**



The Government of the  
Philippine Republic



## RESPONSIVE FOREIGN POLICY

**STRATEGY: Protecting the interest of the Philippines by responding to **eight realities** in the global and regional environment**

- The United States, China and Japan are the determining influences of East Asia
- Philippine foreign policy decisions have to be made in the context of ASEAN
- The international Islamic community will become more important to the Philippines
- The role of multilateral and inter-regional organizations in promoting common interests
- The defense of the nation's sovereignty and the protection of its rights over maritime territory
- The country's economic growth will continue to require direct foreign investment and trade promotion
- The Philippines can benefit most quickly from international tourism
- Overseas Filipinos will continue to play a critical role in the country's economic and social stability



The Government of the  
Philippine Republic



## RESPONSIVE FOREIGN POLICY

**STRATEGY:** Protecting the interest of the Philippines by responding to **eight realities** in the global and regional environment, namely

- Importance of FDI on the country's economic growth will continue to require direct foreign investment -- and relations with the EU, the largest source of portfolio investments will remain important.
- Role of international tourism.
- Critical role of Overseas Filipinos in the country's economic and social stability.



The Government of the  
Philippine Republic



# CHAPTER 5

# CONSTITUTIONAL REFORM



The Government of the  
Philippine Republic



## **CONSTITUTIONAL REFORM**

### **SITUATIONER**

- **Obstruction and delay in legislation and policy-making**
- **Highly centralized system of government**
- **Personalistic politics**
- **Lack of accountable, cohesive and functional political parties**
- **Paucity of domestic capital and resources**



The Government of the  
Philippine Republic



# CONSTITUTIONAL REFORM

## GOALS

- **Effective political institutions**
- **Effective and accountable political parties**
- **More liberal economic policies**





The Government of the  
Philippine Republic



## **CONSTITUTIONAL REFORM**

### **STRATEGIES**

- **Constitutional reform through Constitutional Convention:**
  - **Shift to federal form of government**
  - **Shift to unicameral parliamentary system**
  - **Reforms in the electoral and political party system**
  - **Define political dynasty and make prohibition self-executory**
  - **Change in the national economy and patrimony**
- **Enact a “Political Parties Reform Law”**



The Government of the  
Philippine Republic



# Thank You.